

INTERNATIONAL NEWS

Japan's economy shows signs of further slowing

By Steven Butler in Tokyo

INDUSTRIAL activity in Japan continued to slow in June, according to the Ministry of International Trade and Industry (MITI), while other statistics released yesterday showed stronger than expected increases in retail prices and strong retail sales.

The underlying trend however appeared to be of a gradual slowing of the economy, with pressure on prices expected to fall significantly in the coming months. Many analysts expect this would allow for further interest rate cuts by the end of the year.

"I think the statistics are consistent with an economy which has shifted down a gear or two and is operating below capacity," said Mr Russell Jones, an economist at UBS Phillips and Drew.

MITI reported that mining and manufacturing activity in June dropped by 2.7 per cent from May on a seasonally adjusted basis, marking two consecutive declines in industrial activity. Production was still 1.3 per cent higher than in June 1990. Most of the decline was accounted for by lower output of transportation, general and electrical machinery.

Sluggishness was also confirmed by rising inventory levels, with MITI's inventory index up 0.1 per cent from May and up 7.6 per cent from a year earlier.

The government expects the production index to increase in July before falling off again in August.

The rate of consumer price increases in Tokyo, however, appeared to point to continuing strong demand in July, with prices rising 3.7 per cent compared to July 1990, according to the Management and Coordination Agency. This is up 0.2 percentage points compared to June. The Tokyo price survey provides an indication of nationwide trends.

Agency officials however appeared unconcerned about the rise and said that underlying price trends were stable. Much of the increase was accounted for by a 19.6 per cent rise in vegetable prices, due to the weather.

The headline inflation figure is expected to fall sharply in the months ahead, in part because of the sharp increase in oil price following Iraq's invasion of Kuwait which boosted prices a year ago.

June sales by large retailers in Japan increased by 8.3 per cent over the previous year to ¥1,787bn (£7,849m), MITI reported.

Army seeks broader global role

By Steven Butler in Tokyo

JAPAN'S Self-Defence Agency yesterday stepped up its campaign to allow Japan's Self-Defence Force to play a broader role internationally, in disaster relief and in support of UN peace-keeping operations.

The agency for the first time included a special section in its annual white paper on defence and called for a national debate on the role of the SDF.

The government said it would send several members of the SDF to join a team that will inspect Iraqi chemical weapons in response to a request by the United Nations.

The foreign ministry said yesterday it was still considering whether to send the men as SDF members, or to transfer them to the foreign ministry and send them as foreign ministry officials, as hitherto.

The white paper expressed concern that the SDF was poorly understood by the Japanese people, who have generally opposed the deployment of Japanese troops abroad.

The agency would like to see restrictions eased so that the SDF can freely participate in relief activities and peace-keeping operations.

RIVAL South African black groups killed nine people on Thursday in a nationwide flare-up of political violence, police said yesterday. Reports from Johannesburg.

A woman was shot dead on a Soweto railway station platform by a gang on a train bringing workers home from Johannesburg, police said.

A black man was burned to death in his car and another man hacked to death in separate attacks in Soweto on Thursday, police said.

In Cape Town, a woman and two men burned to death when youths fire-bombed a shack in the Old Crossroads shanty town, where supporters of Nelson Mandela's African National Congress are at loggerheads with conservative black leaders.

Police said three black men were stabbed to death and four houses were fire-bombed around the Natal province town of Mool River, where the ANC is at war with the conservative Zulu-based Inkatha Freedom Party.



Nelson Mandela, on a tour of Latin America, watches as Cuban President Fidel Castro gestures during a speech

Nine die in fresh South African violence

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Police said three black men were stabbed to death and four houses were fire-bombed around the Natal province town of Mool River, where the ANC is at war with the conservative Zulu-based Inkatha Freedom Party.

Civil rights workers estimate that more than 6,000 people have died in a power struggle between Inkatha and the ANC, about 2,000 of them in the past year alone.

The ANC has accused police and the army of siding with Inkatha in the fighting. Last week, a former soldier alleged in an interview with the New Nation newspaper that a shadowy army unit was behind several massacres on commuter trains around Johannesburg.

But South African police said on Thursday that 15 people had been arrested in connection with three train attacks and that none of them had links with the police or the army. He said the attacks appeared to have been linked to a gang war in the townships.

Man in the News, Page 6

India offer to high tech companies

THE INDIAN government said yesterday it was willing to negotiate with multinationals wishing to invest in India in ventures involving more than 40 per cent ownership, writes K.K. Sharma in New Delhi.

This is intended to encourage companies able to bring high technology into the country, and could involve 100 per cent ownership of their Indian ventures. A board is being established to hold negotiations.

This week the government announced a dramatic liberalisation of industrial policy, including permission for foreign equity ownership to be raised to 51 per cent from the 40 per cent allowed previously.

Yesterday Dr Manmohan Singh, the finance minister, said it would also be possible for foreign companies holding 40 per cent of equity in ventures in India to raise their holding to 51 per cent provided this did not result in a loss of foreign exchange.

Yesterday's move would make it possible for companies such as IBM to return to India. IBM withdrew from India in the late 1970s because it refused to dilute its 100 per cent equity holding.

Dr Singh said there was nervousness among multinationals operating in Hong Kong because of the coming integration with China and that India could prove to be an attractive alternative.

Most foreign companies wanted majority ownership to protect their technology, he said.

Another bank admits illegal loans scheme

By Stefan Wagstyl in Tokyo

KYOWA Saitama Bank yesterday became the second Japanese bank this week to admit that an employee ran an illegal loan scheme using forged deposit certificates.

The bank, a leading commercial bank, last March sacked Mr Kazuo Toyama, deputy director of marketing for Tokyo, accusing him of fraud and forgery. The scheme he ran involved using forged deposit certificates worth ¥8bn (£34.8m) to obtain loans for clients when the bank itself was unable to lend sufficient money.

The incident happened when banks found it hard to lend because of regulatory pressure to curb lending.

Fuji Bank earlier admitted that four employees had run a much larger scheme involving ¥260bn certificates of deposit.

Both banks insist that the incidents are isolated cases involving individual employees. But they have been criticised for lax supervision.

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UK NEWS

DTI fails to halt Lorrho legal case

MR Norman Tebbit, a former trade union industry secretary, and the Department of Trade and Industry have failed to prevent Lorrho from bringing a High Court action against them claiming damages for alleged negligence, Raymond Hughes writes.

The court yesterday rejected their plea to strike out the action, which centres on their failure to advise the Fayed brothers, who successfully bid for House of Fraser, to release Lorrho from an undertaking not to bid for the stores group.

Sir Edward de Caum, Lorrho's chairman, said later that it welcomed the opportunity to establish at trial the liability of Mr Tebbit and the DTI "to pay full compensation for the damage they caused Lorrho and its shareholders".

It was the second legal success in a month for Mr Roland "Pinky" Bowland's international trading conglomerate in its long-running battle for control of House of Fraser. On June 27 the Law Lords ruled that it could go ahead with an action in which it alleges that the Fayed and their merchant banker conspired to injure it and unlawfully interfered with its business.

Sir Nicolas Browne-Wilkinson, the vice-chancellor - the senior Chancery judge - said yesterday that Lorrho claimed damages for economic loss resulting from its inability to bid.

Labour exploits NHS resignation

OPPOSITION politicians yesterday quickly exploited the government's latest embarrassment over its health service reforms after the resignation of Mr Peter Burroughs, finance director of the GPs' and Lewisham hospitals trust.

Mr Harriet Harman, shadow health minister, called on the government to cancel plans to allow further hospitals to become self-governing trusts while there was "such a great question mark" over the first.

The resignation of Mr Burroughs to take up another government post was confirmed by Mr William Waldegrave, health secretary, in a written Commons answer on Thursday. A GPs' trust statement said the decision arose from "differences of opinion between Mr Burroughs and the trust board".

Parnes freed from prison

MR Anthony Parnes, one of the three men jailed for their parts in the Guinness affair, was released from Ford open prison yesterday, 11 months after his conviction.

Mr Parnes - the last of the trio to leave jail - was sentenced to 2½ years for his part in an alleged share support operation during Guinness's £2.7bn takeover battle for Distillers. His sentence was reduced to 21 months by the Court of Appeal in May.

He was eligible for parole immediately, but is understood to have been told he would not be released until late July.

Former Guinness chairman Ernest Saunders was freed on parole on June 28 after serving half his five-year sentence. Heron group chairman Gerald Ronson was released in February after serving six months of his 12 months sentence.

CORRECTION

Power plant plan

EUROPEAN Cellulose Manufacturers said it had agreed to sell part of its Humberdale site to IVO Energy, the Finnish generating company, which has plans to build a power station. Eurocell is not planning to build the power station as stated in Tuesday's FT.

THE BLUE ARROW TRIAL

Solicitor gave 'sarcastic response'

By John Mason

A SOLICITOR for County NatWest during the Blue Arrow affair gave his clients a "sarcastic response" rather than clear advice over the discovery that National Westminster Bank had a disclosure stake in the company, the trial heard yesterday.

Interviewed by Department of Trade and Industry inspectors in early 1987, Mr Alan Keat, a partner with Travers, Smith, Brathwaite, and one of the defendants, was asked why he had failed to spell out to County directors their obligation to report the holding.

According to his evidence to the DTI, read out by the prosecution, Mr Keat said that, at a meeting called to review

Tories' attacks start summer of political battles

By Ralph Atkins

SENIOR Tories began a concerted offensive against Labour last night with personal attacks on Mr Neil Kinnock, the opposition leader, and confident claims that the tide of electoral support had turned in their favour.

At the start of what both parties say will be an unrelenting political battle over the summer, government ministers stressed the leadership qualities of Mr John Major and his policy successes.

They also used a series of speeches - which are expected to be followed up by more today - to predict an early economic recovery.

Mr Charles Patten, Conservative party chairman, said Mr Kinnock was "deceitful and opportunistic". Socialism everywhere was "on the slide". Speaking in Belfast, he said: "Labour has sold its soul. It's done everything it can to put on a glossy gloss. But there has been no 'lift off'. Instead the poll gap had closed. He is anxious that the Conservatives should not give Labour ground this summer because of inactivity."

Mr Michael Heseltine, envi-

ronment secretary, told Tories in Ilford, London, that the economy was "beginning to turn". As recession turned to expansion, "so public opinion will not only welcome the consequences of today's tough decisions but admit the resolution of those that took them".

He said the Citizen's Charter was "an exciting document". He added: "It is like the programme for a great concert performance."

Mr John Wakeham, energy secretary, said in Thurrock, Essex: "The tide has turned. The electorate can now clearly start to see how our economic policies really are working while Labour's wouldn't."

Mr Douglas Hurd, foreign secretary, said in a speech in Oxfordshire that Mr Kinnock's attacks on the prime minister this week over Bank of Credit and Commerce International showed Labour "will lack credibility and substance".

He added that Labour's defence policy, in spite of recent "clarifications" by Mr Gerald Kaufman, opposition foreign spokesman, was "as clear as mud".

Labour condemns government publicity

By Ralph Atkins

GOVERNMENT departments plan at least 75 separate advertising campaigns, each costing £100,000 or more, ahead of the general election, Labour claimed yesterday.

All of the main departments except the Foreign Office will mount this autumn, according to an analysis by Mr Frank Dobson, the party's energy spokesman.

He said estimates by contacts in the advertising industry put the cost of promoting the Citizen's Charter launched this week by Mr John Major, the prime minister, at £2m. He described it as "plain, straightforward Tory propaganda".

Mr Dobson said Labour would favour similar controls to those restricting party political advertising by councils. He admitted that much of the government's advertising was legitimate but said it had the knock-on effect of giving the impression of a government "doing things". He described the promotion of the National Health Service

reforms and the poll tax as other Tory propaganda.

His figures, based on parliamentary written answers, put total advertising and promotional spending by government departments at £152m in 1991-92 which is more than five times as high as in 1985-86 - the run-up to the last election.

The Department of Trade and Industry plans 15 campaigns this year, more than any other department.

Mr Dobson estimates the total number of departmental advertising campaigns at perhaps 100.

Other figures in his study show 14 departments employing 33 publicity advisers, mostly advertising agencies.

The Department of Health alone employs eight agencies. Meanwhile, the Advertising Standards Authority has said it cannot intervene in a dispute between Labour and the Tories over Conservative posters with a "Government warning" about opposition policies. The authority received more than 100 complaints.

A dance to the pipers of change

Peter Norman reports on the new economic adviser's appointment

PROFESSOR Alan Budd's appointment as the Treasury's chief economic adviser means that Britain's economic destiny will be largely in the hands of a trio of woodwind players who have a common background in the London Business School.

Prof Budd, 58, owes up to playing the clarinet badly. Sir Terence Burns, who was promoted from being chief economic adviser to permanent secretary at the Treasury in May, relaxed by playing the recorder. Mr Bill Robinson, who became a special adviser to Mr Norman Lamont, the chancellor, at the beginning of this year, is an accomplished bassoonist.

All three first achieved prominence as economists at the LBS. Sir Terence started as a researcher at the school in 1965. He rose to become a professor there and, as director of the Centre for Economic Forecasting, gained a reputation as an economist of strong monetarist leanings before becoming chief economic adviser in 1980.

It was then that Mr Budd, who had become an LBS research fellow in 1974, took over from Sir Terence at the Centre for Economic Forecasting, becoming a professor in 1981. Mr Robinson worked for him at the LBS until he left to become director of the independent Institute for Fiscal Studies in 1986.

It will be more a reunion than a mafia, Prof Budd commented yesterday. While there is no doubt that he will enjoy being with his former LBS colleagues and with the higher echelons of the Treasury, he points out that some years have passed since the three worked at the LBS. He says that he has a lot to learn and will want to play himself in



Alan Budd: will play himself into his new job cautiously

cautiously when he moves into the Treasury early in September.

The Treasury will not be foreign to him. Prof Budd worked there between 1970 and 1974, first as an economic adviser and then as the senior economic adviser in charge of short-term forecasting. During the chancellorship of Mr Nigel Lawson, he was a member of the "poories" - a group of outside economists who would meet about once a month over

dinner to give the chancellor informal advice.

So what will he be telling Treasury ministers and senior officials once Prof Budd is installed in the Treasury? Despite his monetarist antecedents, the new chief economic adviser is not dogmatic.

Indeed, when discussing matters he often seems akin to the "two-handed economist" of legend. He is careful to weigh the merits of "on the one hand this" and "the other hand that"

before coming to a conclusion. Some months ago he was on record as saying that the Labour party was just as capable as the Conservatives of getting inflation down.

However, no one should underestimate the free market, liberal core to Prof Budd's thinking. His previous spell at the Treasury coincided with prime minister Edward Heath's experiment in corporatist government.

Prof Budd was later to brand as "absurd" the attempt at that time to make specific promises about growth in output and how it should be shared out between unions and business. He also has a healthy scepticism that befits anybody who has observed from close quarters how British governments have mastered and lost grip over inflation in recent years.

He also has his doubts about European economic and monetary union. As a man who built his reputation as a forecaster working with econometric models, he has a realistic view of what such exercises can achieve.

Yesterday Prof Budd said his new job would be a "great challenge". It was "the best job" for an economist of his type in the country. Although he will be taking a cut in income from his present post as group economic adviser to Barclays Bank, he will have the compensation of knowing that his views will directly influence government policy.

Prof Budd is a plain speaker who speaks his mind and who does common sense.

Although the Labour party had no comment on his appointment yesterday, it would be strange if those qualities did not ensure that he serves his full five-year term of office in the event of Labour winning the next election.

Professor walks economic tightrope

By Tim Lawrence

PROFESSOR Alan Budd is an enigmatic economist who continues to walk a tightrope between monetarism and pragmatism.

Although many of Prof Budd's views on the economy coincide with those of the government, he still advised Mr Norman Lamont, the chancellor, last month that he "should take every opportunity to cut rates", and he supports co-ordinated pay bargaining.

Prof Budd advocates a stable macroeconomic environment with low inflation. "Stop-go adds to business uncertainty and raises the effective cost of capital. Low inflation not only reduces the risk that governments will be forced to curtail growth, it also eases the problems of corporate finance," he recently argued.

In February Prof Budd noted that fiscal policy must support the government's prime objective of cutting inflation. "The

current recession is a response to the long period of high interest rates which were raised deliberately to slow down domestic demand," he wrote.

The "unexpectedly abrupt" fall in consumer demand at the end of last year resulted in the current recession. He added: "The best chance for restoring sustainable growth is by establishing the credibility of the government's counter-inflationary policy. That means establishing confidence in sterling's membership of the ERM."

Prof Budd greeted Britain's entry into the exchange rate mechanism with relief and caution over how much it will affect people's lives. "The best one can hope is that we now have a more credible and therefore less painful method of bringing down inflation," he wrote last October. The DM2.95 entry rate would impose counter-inflationary restraint on busi-

nesses without causing an intolerable loss of competitiveness.

Narrow-band membership could only follow when Britain's inflation rate is closer to that of its European partners.

According to Prof Budd, joining the ERM takes away the government's choice about how fast inflation comes down. He wrote in *The Times* in January: "Two have, in effect, sacrificed our choice of both the destination in terms of inflation and of how rapidly we reach it. The only question is the cost in terms of lost output and temporarily higher unemployment."

On the vexed question of the timing of a recovery, he recently argued that it may not begin before the fourth quarter. He argues that the present recession is essentially caused by industry's lack of demand, whereas the last one was compounded by industry's lack of competitiveness.

BBC plans TV news service for Asia

By Raymond Snoddy

THE BBC plans to launch a 24-hour-a-day television news service for Asia in a joint venture backed by Hutchison Whampoa, the Hong Kong conglomerate.

The channel, which might begin broadcasting before the end of this year on the AsiaSat 1 satellite, is seen as the first step in a strategy to compete worldwide with Cable News Network (CNN).

BBC World Service Television, launched in Europe six months ago, has an agreement with Hutchison, the Hong Kong television company, for the 24-hour service. The satellite can reach 40 nations from Turkey and Egypt in the west to Korea and Japan in the east and Indonesia to the south.

Hutchison, a joint venture between Hutchison Whampoa and a company controlled by Mr Li Ka-shing, a Hong Kong businessman, is already broadcasting a preview channel for its planned five-channel STARTV service.

Apart from the news channel, STARTV plans to carry MTV, the American popular music channel, and a sports channel. There will also be a Chinese channel and a family entertainment channel.

The launch of the 24-hour news channel is dependent on the successful completion of negotiations with the Hong Kong government to protect its plans to cable Hong Kong.

The government specified that the STARTV satellite service could not broadcast in Cantonese, the language of southern China and of 98 per cent of the Hong Kong population. The service was also prevented from charging a subscription, something it wants permission to do.

Since then, plans to cable Hong Kong have all but collapsed and the government promised in October to review the conditions of STARTV's licence. The outcome has not yet been announced.

The BBC World Service television channel for Asia will be produced in London and broadcast in English, but sound tracks in Cantonese and other Asian languages are planned.

STARTV hopes eventually to reach the most affluent and influential 5 per cent in the region through satellite dishes and cable networks. There will be news on the hour, including Asian and business news, followed by BBC current affairs programmes. BBC World Television Service is a BBC subsidiary financed through BBC Enterprises, the corporation's commercial arm.

ISLE OF MAN GOVERNMENT
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INTERNATIONAL SA

On 24th July the High Court in the Isle of Man adjourned consideration of a winding up order for BCCI SA's operations in the Isle of Man until 1 August 1991. The High Court in the UK had previously adjourned consideration of a petition for the winding up of BCCI SA's operations in the UK until 30 July.

Until a winding-up order is made the Depositors Compensation Scheme will not come into operation. Meanwhile preparations to activate the Scheme are being made and the Financial Supervision Commission as Scheme Manager will be in touch with depositors shortly after the Scheme comes into operation.

The Depositors Compensation Scheme provides for compensation, which may be payable in instalments over a period. Such compensation will be equal to 75% of an eligible deposit, with a maximum payout to any one depositor of £15,000. So, a person with a qualifying deposit of £10,000 would receive £7,500; a person with one of £20,000 would receive £15,000; but anyone with more than £20,000 would still only receive £15,000. Deposits in non-sterling currencies are eligible for compensation.

There are, however, certain exclusions from the Depositors Compensation Scheme. These include deposits held by people or institutions who are connected with the management or ownership of BCCI SA; other banks licensed in the Isle of Man or in any other country or territory outside the island; secured deposits or deposits with an original term of more than 5 years; deposits securing overdrafts or loans.

Deposits placed with other parts of the group outside the Isle of Man will not be eligible for compensation from the Isle of Man Depositors Compensation Scheme; but these may benefit from Deposit Protection Schemes in other jurisdictions.

Payments made to depositors by the Depositors Compensation Scheme will represent a claim of the Scheme on any assets that may later be available to the liquidator to repay the original depositor. So, if funds became available to the liquidator to pay depositors, the Depositors Compensation Scheme would get its money back first.

Depositors seeking assistance or clarification should in the first instance approach:-

Mr C.P.A. Vanderpump
Provisional Liquidator
for the Isle of Man Branch BCCI SA
45 Victoria Street
Douglas
Isle of Man

Tel: 0624 621000

Isle of Man Government
Financial Supervision Commission - 25 July 1991

ON
OPMENT
P. 1000

Social work: recognition

magazine enabled to mount him, then turnover for the Consumers' Association, which published the magazine, reached £40m a year. Better informed consumers demanded higher standards and governments introduced legislation to improve safety and strengthen shoppers' rights. The first minister for consumer affairs was appointed in 1972.

A government-funded National Consumer Council (NCC) was set up in 1975, largely to represent the interests of the low-income consumer whose voice might not be heard among the better-organised middle-class lobbyists. To the surprise of many of its supporters, the NCC survived the advent of Mrs Margaret Thatcher though losing

The UK's entry into the European Community forced the British consumer movement to raise its sights and to lobby the European Office of Consumer Organisations. The success of consumerism in the EC, however, does not match that of its UK counterpart, which is now consulted at every step of new domestic legislation.

Indeed, the UK consumer movement fears that the European single market will whittle away hard-won victories, with its provision that goods which meet legal requirements in any EC country must not be excluded from any other member state. This could allow manufacturers to sidestep British safety regulations on mat-

And while a washing machine is now much less likely to electrocute its owner, there are still plenty of dangers lurking in the streets ranging from four-wheel drive cars which turn over too easily to common foodstuffs which harbour dangerous bacilli. Ordinary investors continue to lose money in scams and scandals, and the collapse of holiday companies leaves tourists stranded every year. There is still plenty for the consumer movement to fight for.

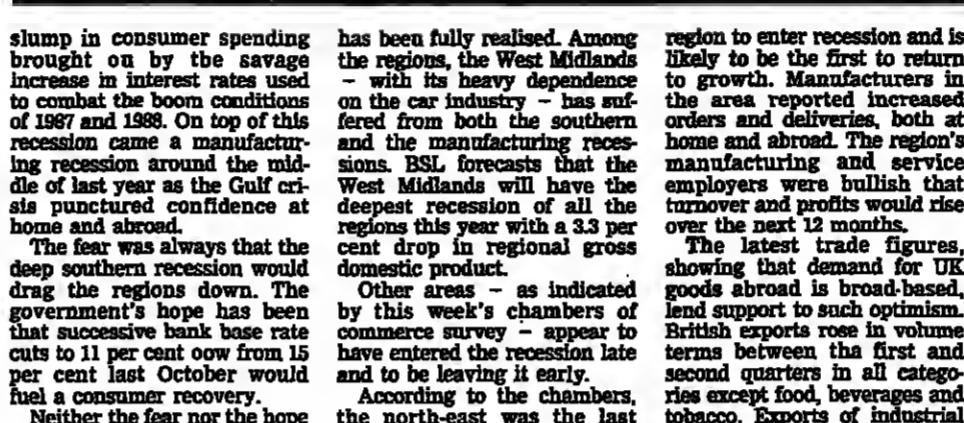
But the Citizen's Charter indicates that consumerism now reaches far beyond choosing consumer durables, and covers public services central to the quality of life. The NCC enjoys the luxury of

meets of performance targets for nationalised industries in its first report in 1976. And the Consumers' Association has been lobbying for better public services since 1965.

However, in what should have been a week for popping the champagne corks, the Consumers' Association announced a 7 per cent cut in staff levels, the departure of two assistant directors and the postponement of ambitious plans for a gleaming new centre at Milton Keynes. The immediate cause of the economies is a drop in sales of Which?, the association's main source of income. Sales of the magazine - available only on subscription - have dropped to about 800,000. With no government

are again willing to sign a direct debit for £51 a year for subscriptions. Although the Consumers' Association could justly claim the success of the Citizen's Charter reflect success for years of its campaigning, it is difficult to sell magazine subscriptions on the back of such work - particularly in a recession.

And even once the recession is over, the consumer movement must cope with the changing demands of consumers in an affluent society. Less concerned about value for money, consumers are increasingly buying products to reflect the lifestyles to which they aspire. They are also concerned about aspects of products which are much less susceptible to simple testing proce-



companies in the south that manufacture and export. But while the north, West Midlands, north-west and Wales export about 35 per cent of their overall output, the proportion of south-east gross domestic product exported is less than 20 per cent.

The south therefore depends more on the service industries, some of which look set for a shake-out similar to that experienced by the manufacturing sector after the deep recession of the early 1980s.

In the south, such concerns have added to a growing fear of unemployment among people who have never had to face the

According to the chamber of commerce, the outlook for unemployed managerial and professional personnel is particularly bleak in London. Employers in the capital report that they have more difficulty re-employing "unskilled labour". BSL's Mrs Rosewell says "the rise in unemployment appears to be limiting the recovery" of consumers' spending in the south. Prof Budge believes that if recovery in the south is subdued, Britain will gain a better balanced economy in the long term.

But as the south-east slows down, nearly 10 per cent of the UK GDP, that will be no comfort for the government in an election year.

Social work: recognition

gnising its limitations

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polyurethane foam.

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However, in what should have been a week for popping the champagne corks, the Consumers' Association announced a 7 per cent cut in staff levels, the departure of two assistant directors and the postponement of ambitious plans for a gleaming new centre at Milton Keynes. The immediate cause of the economies is a drop in sales of Which?, the association's main source of income. Sales of the magazine - available only on subscription - have dropped to about 800,000. With no government

are again winning to sign a direct debit for £51 a year for subscriptions. Although the Consumers' Association could justly claim that many of its supporters are members of the Charter reflect success for years of its campaigning. It is difficult to sell magazine subscriptions on the back of such work - particularly in a recession.

And even once the recession is over, the consumer movement must cope with the changing demands of consumers in an affluent society. Less concerned about value for money, consumers are increasingly buying products to reflect the lifestyles to which they aspire. They are also concerned about aspects of products which are much less susceptible to simple testing proce-

...relates predominantly to structural benefits of performance effectiveness linked to the price/value equation, intangible benefits such as reputation have become increasingly important, i.e., ... The growth of the new consumer adds another category of benefits – investment benefits – where consumers are buying the product that their purchase can benefit them, other people or the planet at some time in the future'.

There is plenty for consumer organisations to do in seeing through the challenge of the Children's Charter. But they cannot afford to lose sight of the new consumer who wants much more than simply value for money or cheapness at all costs.

Social work: recognition

gnising its limitations

and need for central funding

life. Professionals recognise the benefits theme and welcome the in social worker support for families of Newpin.

service departments dispend budgets for workers due to lack of available for self-help like Newpin, and the root of the problem than continuing to branches.

Nair,

in Conservative

ON,

Church Lane,

NET 1AF

From Mrs Angela Warden.

Sir, Your excellent leader, "The crisis in social work", omitted the crucial point that social work ought to be centrally funded and controlled and not left to the political whims of local councils, particularly the more notorious London Councils.

If this course of action were pursued, I, as a graduate social worker whose children are now in full-time education, and I'm sure many others, would seriously consider returning to work.

Angela Warden,
32 Cressy Road,
London NW3 2LY

Not duty free

From Mr Timothy Higenberg.

Sir, Having flown from Heathrow and Gatwick, I cannot find a single reason for the continuation of duty-free sales there. Many factors are available to the traveller to buy, at nearly as expensive as in his street shops and the VAT "discount" seems to disappear mostly into the traders' pockets. Research on duty-free pricing, published by the FT some time ago, would appear to bear this.

Timothy Higenberg,
327 Born Lane, W3

BUILDING SOCIETY INVESTMENT TERMS

	Product	Gross CAR	Net CAR	Interest payment	Minimum balance	Access and other details
Alliance and Webster	Special Return	11.90	8.73	Yearly	£10,000	2yr term 10% net acc fac with inst. acc.
	Money Day	11.65	8.74	Yearly	Thru £1	11.65/11.65/12.25/9.50
	10.35	8.36	Yearly	£25,000	10.35/10.35/10.35/10.35/10.35	
	Instant Access	10.70	7.73	Yearly	Thru £1	9.90/9.75/9.75/10.35/10.35
	Tenor	12.40	N/A	Yearly	£10	20 days withdrawal, inst. acc.
Barclay (0226 733999) Greenwich Buildings (0992 731070) Brentford and Elmbridge 0274 561545	Summit	11.75	8.73	Yearly	£50,000	30 days withdrawal - £10K with inst. acc.
	10.35	N/A	Yearly	£10,000	30 days withdrawal - £10K with inst. acc.	
	Guarantee High Rate	13.00	9.67	Yearly	£50,000	60 days withdrawal inst. acc. £10K+ inst. return for no withdrawal
	Mastercard Options 6	9.00	6.75	Yearly	£10,000	inst. return for no withdrawal
	Mastercard Elite 7	11.50	8.63	Yearly	£2,500	Guarantee 10.00/9.75/9.50 only inst. acc.
Bristol and West (0272 294271)	Mastercard Elite 7	13.00	N/A	Yearly	£10,000	inst. 1.74% p.a. bonus 13.074% on spec acc.
	Mastercard Elite 7	12.25	9.25	Yearly	£25,000	Guar. 10% gross p.a. above
	Select	10.70	8.21	Yearly	£50,000	inst. acc. No penalty.
	Select	10.75	7.96	Yearly	£10,000	Choice of 10% cashback
	Select	10.25	7.76	Yearly	£10,000	cashback and, of £2,000
Catholic (077-222 6747) Chesham (0456) 033, 536, 1711	Select	9.80	7.95	Yearly	£1	remains to account cheque bank
	Select	9.00	7.75	Yearly	£50	with £100 guarantee card
	Select	4.80	3.00	Yearly	£1	
	Tenor Plus	13.25	N/A	Yearly	£1	
	High Street	11.00	8.25	Yearly	£1	
City (077-222 6747) Chesham (0456) 033, 536, 1711	Tenor	13.75	N/A	Yearly	£10	
	Plus Rate 2D Yrs	12.50	11.50	Annually	£1	
	Chesham (0456) 033, 536, 1711	12.50	11.50	Annually	£1	
	Chesham (0456) 033, 536, 1711	11.65	8.74	Yearly	£2,500	
	C&G First-Tenor	11.40	N/A	Yearly	£100	
Crest (0200 737505) Crest (0200 737505)	10.35	8.36	Yearly	£10,000	10.35/10.35/10.35/10.35/10.35	
	10.35	8.36	Yearly	£10,000	10.35/10.35/10.35/10.35/10.35	
	10.35	8.36	Yearly	£10,000	10.35/10.35/10.35/10.35/10.35	
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	10.35	8.36	Yearly	£10,000	10.35/10.35/10.35/10.35/10.35	
	10.35	8.36	Yearly	£10,000	10.35/10.35/10.35/10.35/10.35	
	10.35	8.36	Yearly	£10,000	10.35/10.35/10.35/10.35/10.35	
	10.35	8.36	Yearly	£10,000	10.35/10.35/10.35/10.35/10.35	
Crest (0200 737505) Crest (0200 737505)	10.35	8.36	Yearly	£10,0		

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

Guide to pricing of Antitrust Unit Trusts

Compiled with the assistance of Lautro & S

INITIAL CHARGES: Charge must be rate of one and a half percent of net assets, plus commission paid to intermediaries, such as including contribution paid to Interinvestors. This charge is included in net value of the unit.

OFFER PRICE: Also called *base price*. The price of the unit is set by the issuer.

NET ASSET PRICE: Also called *net asset price*. The price of which units are sold back by investors.

CANCELLATION PRICE: The minimum amount that the unitholder must pay to cancel the offer and bid prices is determined by a formula laid down by the government. In principle, most net asset price units are sold back at a 10% discount, the bid price to which are added the cancellation price. However, the bid price might be higher than the cancellation price. In this case, the unitholder pays the bid price, usually in circumstances in which he/she is not the owner of all shares of units of the unit.

TIME: The time between submitting the investor's request in the form of the unit's purchase and the receipt of the unit is called the *unit's time*. The unit's time is determined by the issuer.

The system can be followed (N° 1001) 01/10/1990
N° 1001 - 1/10/1990 to 1/10/1991 (N° 1001 - 1/10/1991 to 1/10/1992) to indicate, only display prices are set on the basis of the valuation
unit, a short period of time may increase before prices are available.

HISTORIC PRICES: The letter H denotes that the managers will calculate the bid and offer prices on the most recent previous day. The prices shown are the latest available before confirmation and may be subject to change. The prices shown are the latest available before confirmation and may be subject to change. The prices shown are the latest available before confirmation and may be subject to change.

FORWARD PRICES: The letter F denotes that the managers will calculate the bid and offer prices on the next valuation. Investors can use the forward price to advance of the transaction or unit selling.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme and information can be obtained from all clients from managers.

Other explanatory notes are contained in the last section of the FT Managerial Funds Service.

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FINANCE AND THE FAMILY

Making the best of the worst of news

Insurance companies are pushing 'dread disease' policies hard — but how good a deal are they? John Authers and Eric Short report

YOU CAN now receive the death benefit on a life insurance policy before you die. To do this you need a "dread disease" policy.

These policies, designed to pay out when a terminal illness is diagnosed, meet a clear consumer demand and have many advantages. They could relieve you of much financial difficulty and allow you to plan your affairs at a time of great personal stress.

But beware. The policies are being used, particularly by less scrupulous salesmen, to sell people far more insurance than they need. And the tactics some offices have adopted to gain market advantage are highly dubious.

As a result, choosing the right policy will be much harder than it should be. Reading the small print — always important in insurance — will now be of vital importance.

Critical illness policies certainly have a place in your financial blueprint, but they are an unscrupulous insurance sales agent's dream. No one likes the prospect of death, but the prospect of cancer, or a crippling accident, can scare people even more.

As the table shows, this cover is much more expensive than standard life cover, although some policies include a heavy element of life assurance. If your mortgage is covered by an endowment, and you already have adequate separate life cover, a dread disease policy on top could leave you pointlessly over-insured.

Peter Hargreaves, of Hargreaves Lansdown, the independent financial adviser, puts it bluntly: "Critical illness is something which has been thought up as a marketing tool by the life insurance companies. I think it's gimmicky."

His opinion, shared by most advisers, is that good life cover must come first, and that dread disease is an addition, not an alternative.

Mark Bolland, of Chamberlain De Broe, says: "There is a place for it, but I imagine that it is mis-sold a lot by the more unscrupulous salesmen. The argument used to sell it is that you are six or seven times more likely to survive a heart attack than to die from it. You have to look at your circumstances and decide whether it's the right thing for you."

Standard life cover should come first, he suggests, followed by a critical illness contract which does not also pay

out on death — such as those offered by Abbey Life, Allied Dunbar or Pegasus — for the best value.

The small print is another problem. Life offices, realising that dread disease is a great marketing opportunity, are playing "heggar-my-neighbor". Market advantage can be gained by covering against slightly different illnesses and conditions in rival policies.

This results in potentially cruel confusion. No two policies cover the same "critical illnesses". For example, only one policy, from City of Westminster, covers you against loss of hearing, according to Towry Law. However, it is the only policy which will not pay out if you have a bone marrow transplant.

All other policies have similar anomalies. All, rightly, cover a "heart attack". However, when does "heart surgery" constitute a critical illness? If you have a bypass operation, Pegasus and Prolific will cover you if only one artery is involved, according to Baronworth, while Abbey Life, Allied Dunbar, Commercial Union, Equity & Law and General Accident only pay out for a double bypass. Pegasus and Prolific are also the only two of these offices to pay if the surgery involves the heart valve or the aorta.

This makes comparisons of the premiums all the more awkward. Baronworth, asking for quotes for £100,000 cover for a man aged 35 next birthday, found a variation in monthly premium from £40.56 (Equity & Law) to £57.50 (Commercial Union) for non-smokers.

If you smoke, you might find the extra premium alarming — highest and lowest premiums for smokers were £56.50 from General Accident and £111.27 from Commercial Union.

Variances are likely to stay broad while life offices acquire more claims experience. As the longer players, such as Abbey Life, now have relatively high premiums, newer entrants might offer good value.

Colin Jackson, of Baronworth, warns that "it is almost impossible to give best advice". Choosing a policy is bound to be a choice of several — which gives independent advisers a marked advantage over tied agents.

Critical illness contracts are here to stay, and demand is going to grow. But it would certainly help if the life insurance industry could agree on just what a critical illness is.



Tranquil days: Insurance against serious illness can ease the worries of old age

Critical illness contracts: how they work

COMPARATIVE COSTS OF CRITICAL-ILLNESS AND WHOLE-LIFE COVER

Age	Standard cover £100,000 monthly premiums		Maximum cover £100,000 monthly premiums	
	Critical illness	Universal life	Critical illness	Universal life
30	£52.38	£45.00	£27.66	£19.00
35	£7.87	£2.00	£1.78	£2.00
40	£14.92	£1.00	£5.21	£3.00
45	£22.71	£1.00	£7.30	£4.00

Source: General Accident Life

taken out with a whole-life or term-assurance policy, if the individual has no other form of death cover.

Critical-illness contracts cost much more than whole-life cover, and underwriting requirements are more stringent. There tends to be more emphasis on checking that the amount of cover required is consistent with your own financial circumstances.

The contract operates in the usual manner for unit-linked life contracts. Charges and the cost of the risks are deducted from each monthly premium, with the balance invested. Individuals have a choice of funds — equity, property, fixed-interest, managed and, for the traditional life companies, a unitised with-profits fund.

The common practice is to take two sets of assumptions

to calculate the premiums — a standard set and a more optimistic set. Premiums on each contract are reviewed periodically and can be changed at any time to ensure that they meet the selected cover.

The standard-cover basis produces higher premiums, but they should not require any increases. Indeed, investors can expect a better performance than assumed by the actuaries, resulting over time in lower premiums or a greater return.

The more optimistic basis, known as maximum cover, results in much lower premiums at outset, but could well

Long-term care cover

INSURING against going into long-term care can be very distressing for the individual. However, it has also caused many insurance underwriters a lot of grief over the last few months.

With no previous claims experience on which to base calculations, the companies offering the products have had to do copious research — and then hope for the best. The premiums being charged are probably reasonable value, but nobody could yet swear that — you might be getting a good deal, or the life offices may be making a fortune.

These policies are a game of chance, to a greater extent even than the critical illness policies. Experts still doubt whether the policies are deals worth pursuing, as they may prove over-expensive and the sums which have to be paid out are high.

Martin Palmer, of Towry Law, put it this way: "Do you want to be a pioneer? If you wait a few years, the range of options open to you will probably increase. For this reason, he tends to counsel caution."

However, the companies which have been bold enough to launch the products deserve credit. The need, and the market, is the same in each case, but Cannon Lincoln, Commercial Union and Eagle Star have come up with three conceptually different products.

Most had difficulty ratifying the products for tax purposes with the Inland Revenue, although the industry hopes that in future the government might offer tax relief.

Eagle Star's Care Fees Payment Plan is aimed at people who are already quite elderly and have decided to enter a home. It is thus not an insurance policy as such, but an easy payments plan.

It works rather like an annuity, although in fact it is an endowment policy. The problem is that you need to provide a large lump sum before you start. If you do not survive long, it will not be good value, although premiums will be returned if death occurs within six months.

However, the rates you

receive are superior to those for a standard purchase life annuity, as the following figures show. A woman paying a single premium of £50,000 would receive £5,055 each year from an annuity. Under the plan she would receive £7,188, or £16,860 if she was in very poor health. At the age of 85, when annuity payments would be £2,333, she could receive £9,185 under the plan, or £17,184 if in very poor health.

Cecil Hinton, of Hinton & Wild, which specialises in finance for the elderly, said: "Only a few people are going to be interested in it, because of the costs. I don't think it will be for the average person."

You need to make a decision on Cannon Lincoln's plan at the age of about 60 or 65. Its Oasis Plus scheme is an annuity which you buy with the proceeds of your pension fund when you retire.

Your annuity is lower at the start, but can then go up considerably if you need to go into care. Thus, if your level annuity payment would have been £2,000, the Oasis Plus option would start by paying you £1,800, but would rise to £4,500 once you became unable to perform four of the "six basic activities" of daily living.

The Commercial Union policy is more of a straightforward "protection" policy. You start paying the premiums in middle age. It pays benefit once you become incapable of four out of six Activities of Daily Living (ADLs). These are: washing, dressing, continence, collecting, moving in and out of chair or bed, and eating and drinking. Organic mental illness requiring supervision will qualify you for a payment automatically.

Monthly premiums are £40.90 for a man aged 50 next birthday, for £12,000 per annum benefit. Women would pay £32.54. Single premiums are possible. A 70-year-old could buy the same cover for a lump sum of £7,261.

While CU's policy is a considerable underwriting achievement, Hinton is sceptical: "At the beginning, it's terribly expensive. Someone pays out £50 a month on the off-chance he might have to go into a nursing home. There are probably other priorities for that money."

Barber factor hits share schemes

'Non-discrimination' is spreading to new areas, reports David Cohen

MUCH INK has been spent analysing the impact of the Barber case on UK pension schemes, but this month's legislative response to this European Court decision seeks to eliminate sex discrimination in employee share schemes, not pensions.

Over 55? Why not enjoy a tax free income?

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In May 1990, the European judges upheld Barber's claim that it was unlawful for his employer to keep him waiting until 65 for a full pension when his female colleagues could start enjoying theirs at 60. While the government struggles to come to terms with this landmark ruling, it has clearly been advised that the same non-discrimination principles are equally applicable to the benefits doled out under share incentive schemes. A new Finance Bill clause to take the discrimination out of share schemes was tabled at the beginning of this month and has since been whisked through Parliament at breakneck speed.

The concept of retirement age has less significance for share incentives than for pensions because it is only in exceptional circumstances that retirement will be the trigger for an employee's rights under a share scheme. The new provision caters for those exceptional cases.

The main effect will be felt by pre-retirement participants in savings-related share option schemes approved by the Inland Revenue. Such schemes must be open to all full-time employees who have completed a qualifying period of up to five years service and all members of staff who in part must do so on similar terms.

Employees are granted options to buy shares five or seven years later, using the proceeds of an SAYE contract with either a bank or Building Society. The price at which the shares can be bought is fixed when the option is granted and must be not less than 80 per cent of the full value of the shares at that time.

Employees who leave the company before the five or seven year maturity date will normally lose their options. However, there is a special dispensation for those who are retiring provided they have reached "pensionable age" — defined as the state retirement age or any other age at which their employment contract forces them to hang up their boots. In addition, the legislation allows for early exercise by employees who keep working after reaching "pensionable age".

These two references to pensionable age — allowing women to exercise at 60 but men not until 65 — put the government's lawyers in fear of another judicial thunderbolt from Luxembourg. The solution which will be mandatory for all SAYE schemes approved after July 26, when the Finance Bill became law — is to replace "pensionable age" with "specified age". That will be an age decided upon by the

scheme company in the range of 60 to 75, without differentiation between the sexes.

The same change will apply to profit sharing schemes. The trustees of such a scheme buy shares in the company and then allocate the shares to the workforce, adopting the same wide eligibility criteria which apply to SAYE schemes.

The shares must remain in the hands of the trustees for at least two years after appropriation to individual employees but they can take the shares earlier if they retire at pensionable age — now the "specified age" for new schemes. However, employees will be subject to income tax on the initial value of the shares unless they leave them with the trustees for at least two years. It is unlikely that many profit sharing participants will want to take advantage of this amendment.

None of these changes apply to schemes already in existence, so hundreds of companies will have no choice but to carry on discriminating. That raises the distinct prospect of Barber II — the man who retires at 64 and takes his cancelled option certificate straight to the European Court. If that happens, the government may well be forced to take further measures, in the meantime, the hope is that wiping the slate clean for the future will suffice.

That may be altogether too sanguine a view, as the sex equality concepts which have pulverised pensions begin to make their mark on share incentives.

A cloud on the horizon which may prove to be more significant is the fact that almost all share schemes are restricted to full-time employees. The Courts have made it clear in other contexts that, since most part-timers are women, an employment practice which adversely affects part-timers may constitute indirect sex discrimination.

Before long a woman who does not work full-time for any of a number of reasons may be making her way to Luxembourg. Barber III could yet see part-time workers (including men) claim their share of the action.

David Cohen is a partner in City law firm of Palmer & Co.

There is a limited amount of exhibition space available at the conference

FT FINANCIAL TIMES CONFERENCES

WORLD MOBILE COMMUNICATIONS

LONDON

31 October & 1 November, 1991

The Financial Times '91 conference on mobile communications will examine the market, technological and regulatory issues. Should competition be allowed in mobile communications? What is the best way of allocating the scarce radio spectrum? Will new mobile networks come to challenge the fixed network or follow Sweden's plans to turn its fixed network into a mobile one?

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Mr David K Bartram
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M. Jean-Louis Blanc
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HOW TO SPEND IT



Chic numbers for the telephone set

IF CALLERS complain that you are talking through a long tube it is time to join the digital age and replace that old black bakelite dial phone with something thoroughly modern.

Prepare yourself for a Rip Van Winkle shopping experience. Nature might be losing its diversity, but telephone buyers are working hard to keep choice alive. There are so many different types of telephones, in so many different colours, at so many different prices, offering so many different features, that it is difficult to know just what is the difference. What is more, there are four different phone systems – even Alexander Graham Bell would be confused.

Systems first. The traditional wire-in-the-ground system carries most calls in the UK and is run by British Telecom which, after its recent 50th corporate redesign, we have to call BT.

Mercury, BT's only competitor, also offers a service to domestic subscribers, but via BT lines. If you want to take advantage of Mercury's cheaper long-distance calls (information on 0800-424194), then you need to subscribe to Mercury (£3.81 a year) and your phone needs a special Mercury option button (see features below).

Both Mercury and BT offer itemised billing – every call, other than very short local calls, is listed with date, number and price. The system is excellent for keeping a track on what calls cost but, because bills arrive quarterly, it is difficult to claw back the cost of long-distance calls from short-term guests.

The Star service from BT – also only available on modern exchanges – costs a little extra but does offer a cure for guests who take advantage of your phone. It enables you to have them, or charge them, when you have a time-generating phone (see below) to use the service, which offers the sort of features normally found on private business exchanges.

By typing in some simple sequences on the dial pad you can stop certain calls being made, such as international calls. This is termed "call barring". Another sequence, typed in just after you have completed a long call, will tell you the cost of that call. You can also divert incoming calls to other numbers and get beeped when you have another call coming in. This is termed "call waiting". When you hear the beeps you can put your present call on hold while you take the

other, simply by typing in a two-key sequence.

Call your local telephone sales office to find out if the Star service is available and whether you can get itemised billing. The operator will put you through for free.

The other telephone systems available in the UK use their own special telephones. Cellular radio caters for car phones and those portable or mobile telephones people insist on

a so far unsuccessful portable system which works on the same principle as the cordless telephones favoured by gardeners and poolside sunbathers. Owners of telepoint phones call from within 100 yards of a base unit – identified by a sign, such as Phonopoint or Callpoint, at stations and in the high street. You can only call out, which means telepoint is as convenient as carrying a callbox in your pocket.

Tandy and Dixons.

Then you have to choose the phone. There are two basic types – the fixed wire and the cordless. If you have a big garden, a pool or enjoy moving about the house while chatting on the phone, then the cordless is ideal. It allows you to be on the phone almost anywhere in the house or garden up to a range of about 100 yards. You can carry the handset to the potting shed or have it

recharge. Calls can be made and received while the handset is within about 100 yards of the base.

Cordless phones cost from about £90, depending on the number of features offered. The only drawback, other than the price, is that the radio waves can sometimes suffer from interference, causing a wowing and crackling noise. There are only eight radio channels allocated to this type of phone. This means that a neighbour could be using the same channel as you – although special electronics prevent them dialling in on your hill. Agree with the shop to swap the phone if it suffers from this sort of interference.

The widest choice of telephones is in the plug-in or fixed unit variety. Prices start at around £10 and there is no ceiling. You can get a perfectly respectable phone for about £50 and one with lots of features for under £80. Phones can still be rented from BT, but there are no financial benefits. If you have the cash always buy, never rent.

Phones are divided roughly into those that sell on their design, such as models from Bang & Olufsen, and others that sell on features, such as hands-free speech. Sometimes,

but not always, you can find an interesting design that also offers a wide range of features. But in general, if you want a phone in the shape of Mickey Mouse or something that Louis XIV would have liked if only he had had a new style socket, then do not expect features.

If you just want features, you will get features. Some are about as useful as a Dr Semas creation but others can become essential to modern life. Here's a quick guide to feature-phone speak.

■ **Mute button.** As many have discovered to their horror, modern phones can be muted simply by covering the mouthpiece. It has to be done by pushing the mute button.

This is ideal for saying horrible things about the caller to a third party in the room, preventing the sound of jackhammers muffled by the phone. Most phones offer a tone option, which also enables you to use services such as phone banking and BT's Star service.

Do not let extra features obscure the fundamentals of buying a phone. Make sure, for example, that the base is heavy enough not to fly off the table when you pick up the handset. The phone must feel comfortable to hold and be easy to dial. It should also bear a little green triangle which says it is approved for use on the BT system.

But most important is the quality of its ring. Unlike the bakelite blower with bells in the base, modern phones squeak, squawk, chirp and some even gobble like a turkey. Ask to hear the ring before buying as it can be quite disturbing living with a phone that makes the home sound like a poultry farm.

Peter Knight picks his way through the bewildering array of modern telecommunications services and says callers must chose between high-tech and high-fashion

using in restaurants and trains. These are different from – and pricier than – the cordless phones used around the house or garden (see later). There are two almost identical cellular radio networks to which UK users subscribe. The running costs are high as all national and local calls are charged at the same rate as calling Dublin – around 40p a minute at peak times. The same rate is charged for making a call to mobile or car phones.

Telepoint, another system, is

The latest system is the personal communications network (PCN) which is an advance on the cellular system. It provides – within decades – to give us all a personal telephone number which will move with us for life.

Meanwhile, to replace your telephone: the first step is to get BT to change the sockets to the new type – £25 for the first socket. It is a good time to fit a few extensions too and these can be done yourself, if you are reasonably handy, with kits available from shops such as

between your ear and shoulder while hearing the joint.

It has a base unit that plugs into the wall (you need a mains socket nearby too) and a portable handset with a telescopic aerial. The handset, which is a small radio receiver/transmitter that sends the call as radio waves to the base unit, from where it is sent down the line, has a dial pad with push buttons and a built-in rechargeable battery. The handset has to be left on the base unit at regular intervals – say overnight – to

How To Mend It

Brollies and Biro's, buckles and bows

IN THE second of our series on How To Mend It Hilary de Boerr looks at more ways to give new life to some of the precious things in our lives – whether it be pearls

that have lost their clasp, watches that no longer tell the time or a much-loved pen that you can no longer fill, somebody out there will mend it for you.

James Smith & Sons, 53 New Oxford Street, London WC1, (071-536-4751) claims to be the biggest, and probably the best, umbrella shop in the world, with as many as 500 different types available. The family business has been going for 160 years, and will mend any umbrellas sold from the shop as well as most other English-made brollies.

The shop will consider almost any model, no matter how dilapidated, but some are simply not worth the trouble or the money. Routine frame repairs are the most common work, with a twisted rib costing about £5 to replace. Re-covering starts at about £20. New handles can be added, with prices varying according to the brolly.

Umbrellas do have sentimental value, says the company – and it is not uncommon for the shop to repair ones bought there way

back in the 1920s. New brollies from James Smith & Sons start at about £10 and can cost as much as £400. Own-brand models cost about £40. The shop operates a postal repair service worldwide.

■ **Antique & Modern.** 286 East Barnet Road, East Barnet, EN4 8TD, 081-449-8067. If it is time to get your watch or clock mended and local high street shops say they cannot do the job, owner Jeremy Gane at Antique & Modern says he probably can. His three-man team mends anything horological – grandfather clocks, French mantel clocks, modern clocks, mechanical, electronic, quartz and pocket watches; even barometers.

A full service of a quartz wristwatch or clock starts at £12, £16 for a mechanical watch, and £20 for a mechanical clock. Replacement parts, if needed, are extra. Gane says that if the casing on a modern clock is worn it

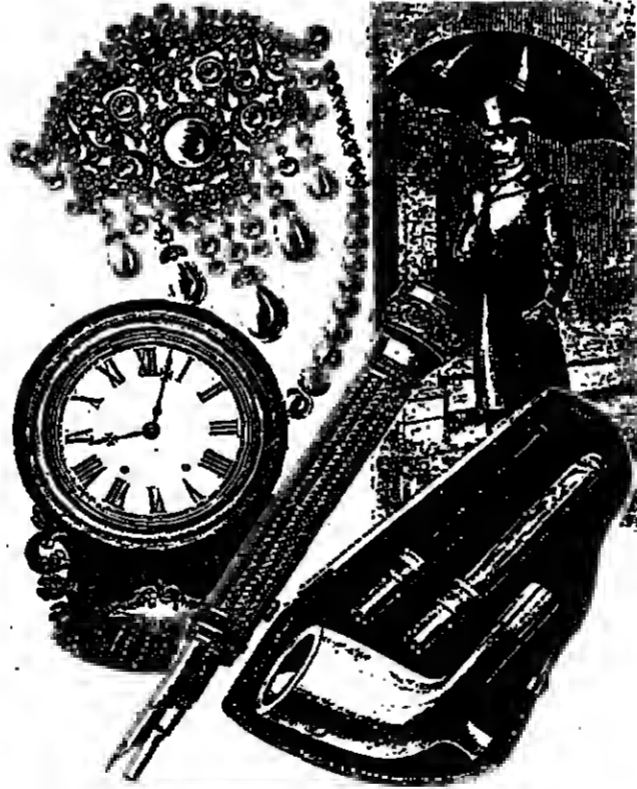
may not be worth mending, but estimates and advice are free.

A service for a grandfather clock will cost about £200, which includes collection and delivery, a full overhaul, and a one-year guarantee. Customers can send items in by registered post, or drop them in London at the weekend at his shop at 15c Camden Lock Place. Gane also repairs and makes jewellery to commission and, if, for instance, you have lost one of a pair of moth-loved earrings, he will make one to match.

■ **Engraving and Watch Repair Centre.** Oxford Circus Underground station, London W1, 071-734-8817. This is the place for quick service at an accessible location – right in one of London's busiest Tube stations. The company can change watch batteries on the spot, starting at £2.50; replace gold clasps on bracelets or necklaces for about £2; and repair broken gold chains from about £5. If your ring is too big it can be resized for about £2; to make it larger costs about £2.50.

Owner John Gallagher has been working from his tiny shop for 14 years and says that another popular task is converting clip-on earrings to pierced earrings, which costs about £7 for silver-backed posts. If you have earrings lying dormant because of lost backings, he sells extra butterfly backings for pierced earrings at £1.95 a pair for silver and £3.50 for gold.

The shop has a same-day engraving service, repairs antique watches, resets stones in rings and will change watch



bands (it boasts a range of 10,000 watch bands on the premises).

■ **James Aldridge Jewellers.** 31 Chancery Lane, London, WC2A 1LE, 071-242-3930. This family business – which is so well-known it "does not need to advertise" – repairs gold and silver jewellery and will remodel, remount and restring anything that is not fashion jewellery. Restringing of necklaces starts at £15 while supplying, soldering and cleaning a gold clasp costs about £10. The work can take between three days and a week. The shop opens from Monday to Friday, while the sister shop, Radleigh Jewellers, at 30a Marylebone High Street, London W1, 071-935-4074, also opens on Saturdays.

■ **Anne Fimerty.** 62 Gainsborough Road, Southcoate, Reading, RG3 3BZ, 0734-88274. Anne specialises in restringing necklaces and restoring tapestries and beadwork. She has thousands of beads collected over the years which can be matched with missing beads from anything you can think of: evening bags, curtains, lampshade fringing, costume jewellery, clothing.

Restringing pearls with silk thread costs about £8 for an 18 in knotted row, while unknotting will be about £5. Tapestry restoration is about £15 an hour, although Anne warns that the work could cost more than the item is worth. She repairs gold and silver jewellery and is taking on more costume jewellery repairs – something many repairers will not consider because it can be risky. Costume jewellery can cost a fortune these days but a lot of repair jobs are quite straightforward, Anne says. She will tell you if it is too risky. Those who cannot take things in personally can use the registered postal service.

■ **Penfriend.** 7 Newbury Street, London, EC1, 071-906-6542. Most fountain pens, ballpoints and pencils can be mended by Penfriend, which claims to be able to fix about 90 per cent of the writing objects brought in or sent from around the world.

The company specialises in vintage fountain pens, with a common repair being the replacement of rubber ink reservoirs, which starts at £11.75 including a service. A

full service – where the pen is stripped down, cleaned, fitted with a new reservoir and reassembled – costs from £14.10 for the popular Parker 51, while more fancy items can set you back by £50 or £60. Soldering a cracked gold nib costs about £20, bending a nib into shape is about £7.

If your fountain pen does not feel right when writing – perhaps you are left-handed or write with a slant – Penfriend will grind the nib to suit you for £20. The company can mend the clicking mechanism on pens and pencils, starting at about £5 for pencils. Most pens arrive by post but you can also take them in to the retail shops at Bush House, The Strand, London WC2, 071-896-8909 or 94 Burlington Arcade, London W1, 071-436-6330.

■ **Pen Sense.** 5 King Street, Nottingham, NG1 2BE, 0603-472724. We probably all have pens and pencils lying about the house unused because we cannot find the right refill or lead. Pen Sense owner, Andrew Pansner, might be able to help – he buys loads of old pens, strips them down and recycles the parts. He can even make ballpoint refills to fit if you have gone out of production. He also has lots of lead, pens and pencils. Send a small sample by post and he will let you know if he can help.

Fountain pens that need new nibs will cost between £10 and £20 to mend. Replacing a rubber ink sac costs from £2.50 to £20, while replacing a pressure bar is another £2 to £2.50. If you are in the market for a new pen, his prices range from 20p to £4.75.

■ **Asley's.** 109 Jermy Street, London, SW1, 071-930-1697. Briar pipes are sent here from around the world for new mouthpieces to be fitted and for cleaning and restoring. A new hand-cut mouthpiece costs £16, while the moulded version is priced at £5. Work takes about a week. New pipes cost from £45, so mending is certainly a money-saving option.

■ **THOSE seeking the Stix bathing costume and overshirt photographed last week who have had trouble tracking it down should note that it is stocked by John Lewis of Oxford Street, London W1 (not of Kendall Avenue, London W8). For information telephone John Lewis on 071-623-7711.**

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Lihou, a 40-acre spread of rock plants and grassland with a spectacular resident and migrant population of birdlife

The mixed joys of island life

ISLANDS tend to be bought on impulse. There is the picture showing the place glowing in the sun, the calm sea, docile wildlife, salt-of-the-earth fisherfolk happy to hand over a pot of lobsters at the touch of a forelock...

Since the majority of islands for sale appear off the Scottish coast, prospective buyers with a tartan bias have an additional impetus to acquire such clearly defined bits of their homeland.

But the harsher realities of owning and managing such isolated property, means that the enthusiasm tends to wear off. The result is that island buyers in Scotland fall into three categories: those who buy, visit a few times then forget about the place; those who get hooked on the island life, and start to shape their whole lifestyle around the place, and those who get bored and trade on to the next impulsive enthusiast.

That pattern is evident in the turnover of island properties in the north. But with southern islands different factors come into play.

First is their rarity value. There is access to a far greater concentration of people, wealth and international transport, plus a milder climate. Make that climate tax-benign as well, and the buying interest in two small Channel islands should extend well beyond wealthy dreamers.

The islands of Lihou and Jethou, respectively to the west and east of Guernsey, have, coincidentally, arrived on the market at the same time. Roddie Feilden of

Knight Frank & Rutley explains: "Both owners had been preparing to sell some time ago. Totally independently they happened to give instructions to go ahead at much the same time."

Turning coincidence to advantage, with a rare pair of southern island sales in hand, KFR (071-629-8171), which is sole agent for Lihou and acting on the Jethou sale with St Peter Port-based Lovell & Partners (0481-723636), has the chance to offer impulse buyers' a choice.

The properties are distinctively different. Jethou is the wealthy owner's ideal hideaway, Lihou, a naturalist's home.

Two small Channel islands are up for sale. John Brennan wonders who might buy them

Lihou, a 40-acre spread of rock plants and grassland with a spectacular resident and migrant population of birdlife, is the smallest of the inhabited Channel Islands.

It lies to the west of Guernsey and Robin and Patricia Borwick - who bought the island in 1983 and are believed to be the first people to have lived there all-year around since the Benedictine Priory of Lihou was abandoned in the Reformation - describe it in their book on Lihou as only half a mile from its parent island, but 2,349 miles from Newfoundland.

Low Spring tides uncover a paved way which allows visitors to cross to the island on foot. The Borwicks have accepted

visitors using traditional rights of access to certain parts of the island. Lihou was home to a profitable seaweed fertiliser and iodine trade until the mid-1980s but it was uninhabited, and its buildings used for German target practice, during the Channel Island's occupation in the last war.

The house was rebuilt as a holiday home in the 1960s and further extended through the 1970s. The present owners have improved the seven-bedroom house which, with its separate cottage and outbuildings, stands above great stone walls facing out over the causeway to

ultimate island enthusiasts, the Benedictines.

Pirates and smugglers enjoyed the island's convenient location for several generations after the Reformation ousted the monks. But it was after the First World War that the stone manor house was substantially extended by the writer Sir Compton Mackenzie.

Jethou is a private estate, and the manor was substantially upgraded in the 1970s. It was then owned by Sir Charles Hayward, who added a modern jetty, staff cottages and an effective water and electricity system. There are 16 years left of the existing Crown lease on the island, which ensures that the island remains tax free.

The States of Guernsey have the right to become head lessee in 1995, and if they exercised that right the tenant would be drawn under Guernsey's tax rules. The asking price of \$950,000 is, as Roddie Feilden says, much more a guide than a specific valuation.

Because of the island factor it is impossible to make sensible comparison with equivalent quality properties on the main Channel Islands. So who might be tempted?

"It's just impossible to tell," says the agent, "it's not as though we have a register of island buyers, they are all quite different. Odds are it will be person who has a number of homes around the world who literally will add it to his collection as a holiday place."

Still a nervous homes market

John Brennan looks at house prices in the Hereford-Worcestershire area

THREE WELLS, a renovated 17th century detached house in 2½ acres of orchard and gardens, ranks as one of the better family-scale country properties in its area.

The house is three miles from one motorway and nine from another and has the ease of access that home counties' buyers dream of. But, in the nervous state of the housing market in Hereford and Worcester, an asking price of \$385,000 for Three Wells at Hader, near Droitwich, puts the house among the more expensive and slowest-to-sell local properties.

Not even the connections to the M5 and M42 north of Bromsgrove, can draw in the buyers in the way they did two and three years ago. The Worcester office of Andrew Grant (0905-24477), which is handling the sale, reports a fair amount of action among properties up to £150,000. Above that bargain hunters only roam the counties in search of households who have to sell.

Here, as elsewhere in the UK, the progressive reduction in mortgage rates has eliminated one bar to movement only to be replaced by a general lack of confidence and unwillingness to take on extra financial commitments.

Job losses in the area to the immediate south west of Birmingham are by no

means as severe as in the early 1980s recession that ripped through businesses in and around the west Midlands and Welsh border counties. But, from the smarter Birmingham commuter areas to the increasingly cash-strapped agricultural communities of Hereford, concern about job prospects has been countering the positive effects of savings on mortgage interest payments.

At Andrew Grant's office the sales staff reports "a vicious circle of people who would like to move but can't make positive offers because they are unable to get a reasonable offer on their own home."

In the most recent round up of housing activity from the Royal Institution of Chartered Surveyors, Hereford agent Russell Baldwin & Bright repeat the picture. Hopes of a good second half of the year, fuelled by long-awaited interest rate cuts, have been dashed.

Although agency offices across the counties report plenty of home viewers and strong circumstantial evidence of the pent-up demand from people who genuinely need more room, or who need to move for work of other reasons, there are rules. In the unusually blunt words of the RICS: "The deepening economic recession has scuppered hopes for an early revival of the housing market."



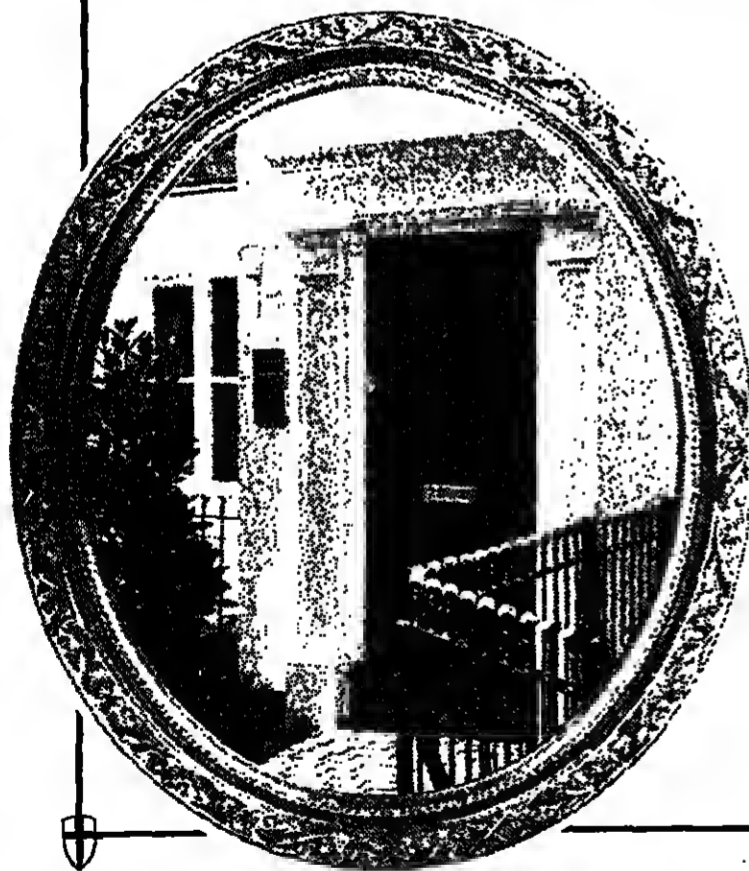
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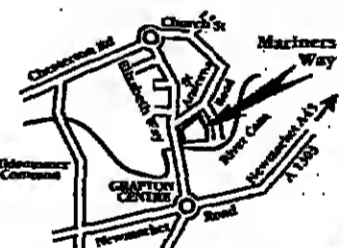
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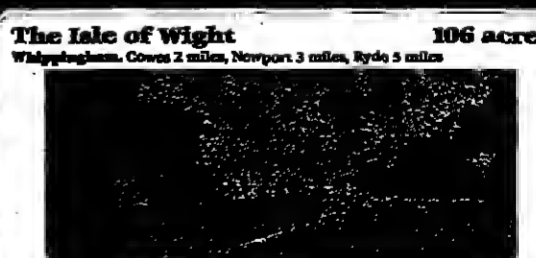
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